

**BISHOP GROSSETESTE UNIVERSITY**

# **OPPORTUNITY RISK MANAGEMENT POLICY**

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Policy Author: Chief Operating  
Officer

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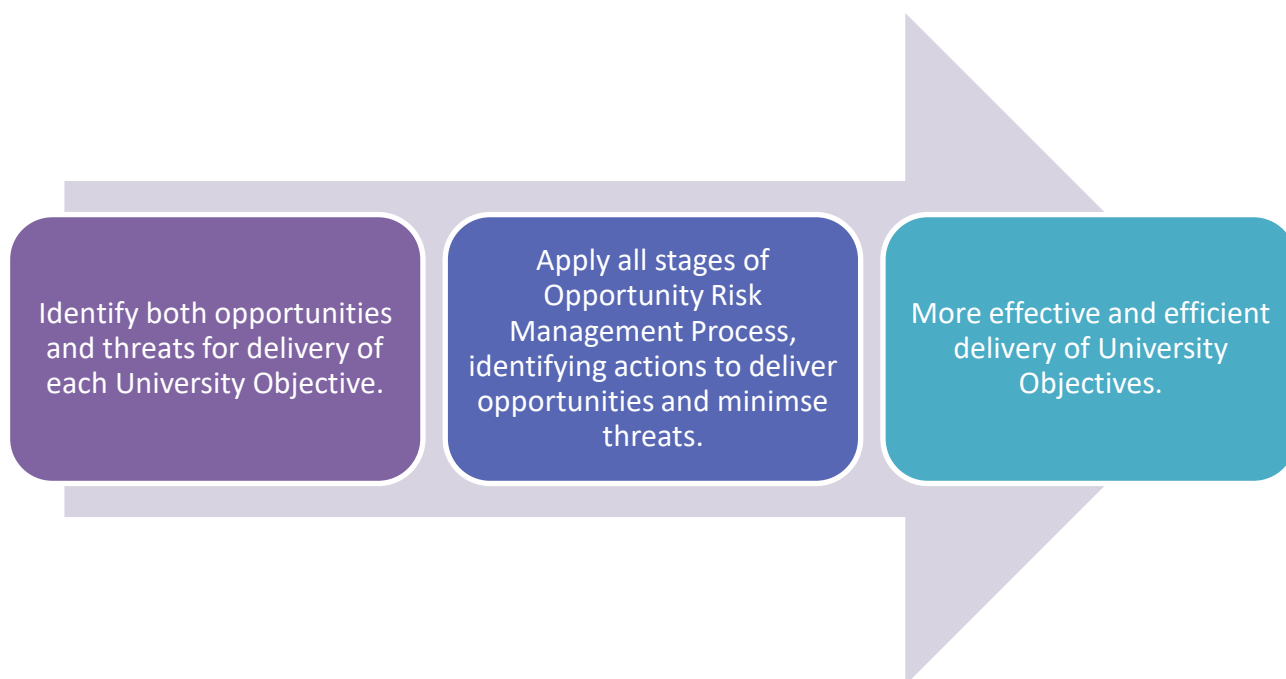
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## 1.0 Introduction

- 1.1 In 2019 the University implemented a new 5-year strategy with the ambition that, by 2025, the University will be a mature, confident, sustainable, and accessible university.
- 1.2 As a variety of projects are implemented to deliver necessary actions, the University must also identify additional opportunities which will arise to further improve services and opportunities and be in a position to take advantage of these opportunities when it is appropriate to do so. This is especially important in the current challenging financial environment, which necessitates that the University always makes best use of resources.
- 1.3 This Opportunity Risk Management Policy sets out the governance structures and processes the University has put in place to ensure that risks are appropriately managed, and opportunities are realised.

## 2.0 What is Opportunity Risk Management?

- 2.1 Traditionally, risk management has been defined as any action taken by an organisation to minimise a threat to the achievement of its objectives. In order to achieve this, threats – or risks – must be identified & assessed and control measures implemented to reduce the impact and/or likelihood of the risk being realised (occurring). Risk management is what the University is doing every day as it delivers services to our students and partners, as every control in every process has in some way been implemented to ensure required services meet the needs of our communities, services and individuals to the fullest extent possible within current resources
- 2.2 Opportunity Risk Management builds on the principles of traditional risk management by considering, not just what could go wrong (risks or threats), but what could be achieved over and above that which was originally planned by taking proactive action to take advantage of identified opportunities. By its very nature Opportunity Risk Management is designed to promote innovation throughout the whole University and encourage all employees to identify new and more effective ways of working whilst also ensuring that threats to the achievement of objectives are identified and eradicated or minimised.



## 3.0 Policy Statement

3.1 Opportunity Risk Management is successfully achieved where there is an appropriate level of control in place providing sufficient protection from risks, without stifling opportunities for development. In the current financial climate, this is a challenging task which requires the University to create a culture which encourages innovation whilst empowering staff to take risk-based decisions on controls to minimise risks to the achievement of objectives within available resources. To support staff in their risk management roles, this Policy includes a number of commitments in respect of the Opportunity Risk Management process. The University will:

- Ensure that statutory obligations and legislative requirements are met;
- Safeguard its students, employees, clients or service users, members of Council, and all other stakeholders to whom the University has a duty of care;
- Actively work with its stakeholders and partners to manage risks and identify opportunities for improving service delivery;
- Promote a culture of innovation in which its employees are encouraged to identify new and better ways of delivering services;
- Establish a Risk Appetite, supported by Risk Tolerance & Risk Acceptance levels, which supports management to take risks when necessary in the decision-making process; &
- Provide Service Managers with the resources required, within the context of meeting financial obligations, to enable University Objectives to be achieved.

## 4.0 Opportunity Risk Management Policy Aims & Objectives

### 4.1 Risk Management Aims

The aims of the University's Opportunity Risk Management Policy are to:

- Integrate Risk Management into the culture of the University;
- Encourage innovation and identification of new ways to deliver objectives;
- Support risk-informed decision making at all levels;
- Raise awareness of the need for the management of risks by all those connected with the delivery of services (including partners and stakeholders);
- Enable the University to anticipate and respond to changing circumstances;
- Minimise injury, damage, loss and inconvenience to students, staff, service users, assets etc. arising from or connected with the delivery of University services;
- Implement an effective Opportunity & Risk Management Framework, as described in Section 7;
- Minimise the total cost of risk; &
- Increase the ability to respond to emergency situations and manage business interruptions.

### 4.2 Risk Management Objectives

The objectives of the Opportunity Risk Management Policy are to:

- Support delivery of the University's Objectives as set out within the 2019-2024 Strategy;
- Ensure risk management is incorporated into strategic and local partnership working; as well as business planning processes and the implementation of service redesign projects;
- Provide assurance through reporting of risk management arrangements to the Audit Committee;
- Provide an Opportunity Risk Management training and awareness programme;
- Manage risk in accordance with best practice and ensure compliance with statutory requirements; &
- Review and monitor our partnerships and other stakeholders' management of risk.

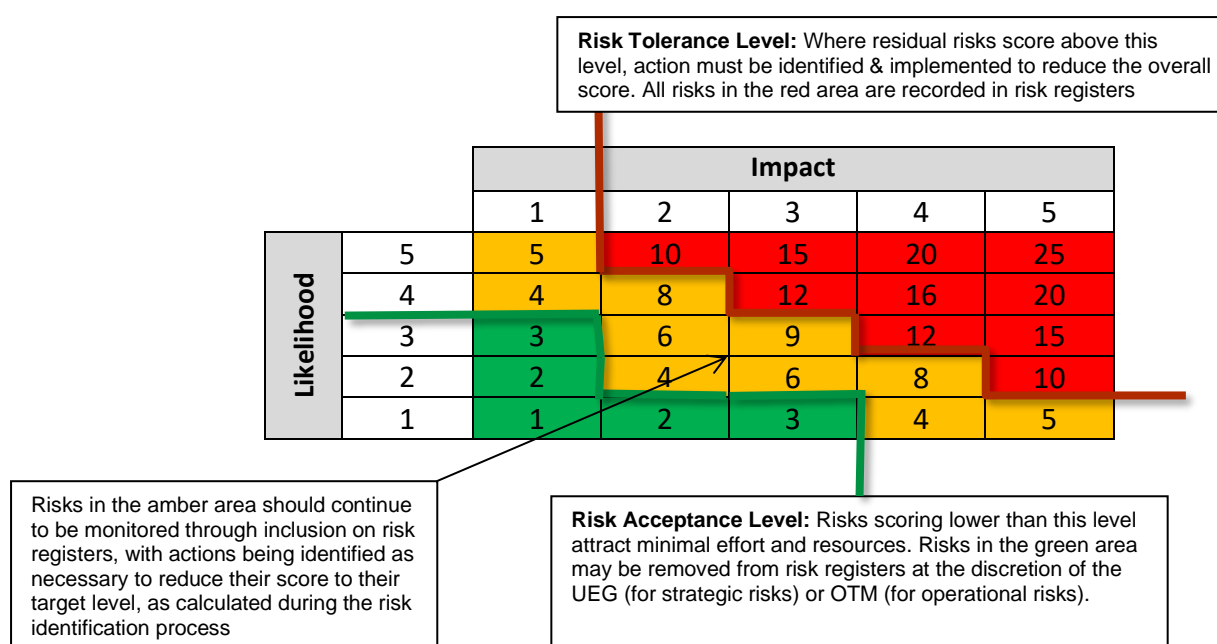
## 5.0 Risk Appetite Statement

- 5.1 Bishop Grosseteste University is a risk embracing organisation which understands the importance of risk taking and accepts that there is an element of risk in most of the activities it undertakes. Whilst not being able to eliminate all risk, the University will seek to manage risk to a level that it is prepared to tolerate. To support staff in their assessment and management of risk, the University has formally defined a Risk Tolerance and Risk Acceptance levels as a guide in determining the level of effort and resource which should be applied to identified risks (see 5.2 below). When combined with the target score for the risk (calculated as part of the risk assessment process; see 7.2 below), these provide a framework enabling decisions to be made regarding the application of resources required to manage each identified risk.

Risks which have a residual score of 10 or more (i.e. the risk's score after the current control framework has been applied) are above the Risk Tolerance Level and therefore require additional actions to be implemented to reduce their score further. Where risks remain above the Risk Tolerance level despite the implementation of additional actions, this will be reported to the UEG (University Executive Group) and Audit Committee. For example, the risk of 'Increasing Financial Pressures' has an inherent score of 20. After the current control framework has been evaluated the residual score has reduced to 12. This is still above the risk tolerance level so further actions to further reduce the score will need to be identified and implemented.

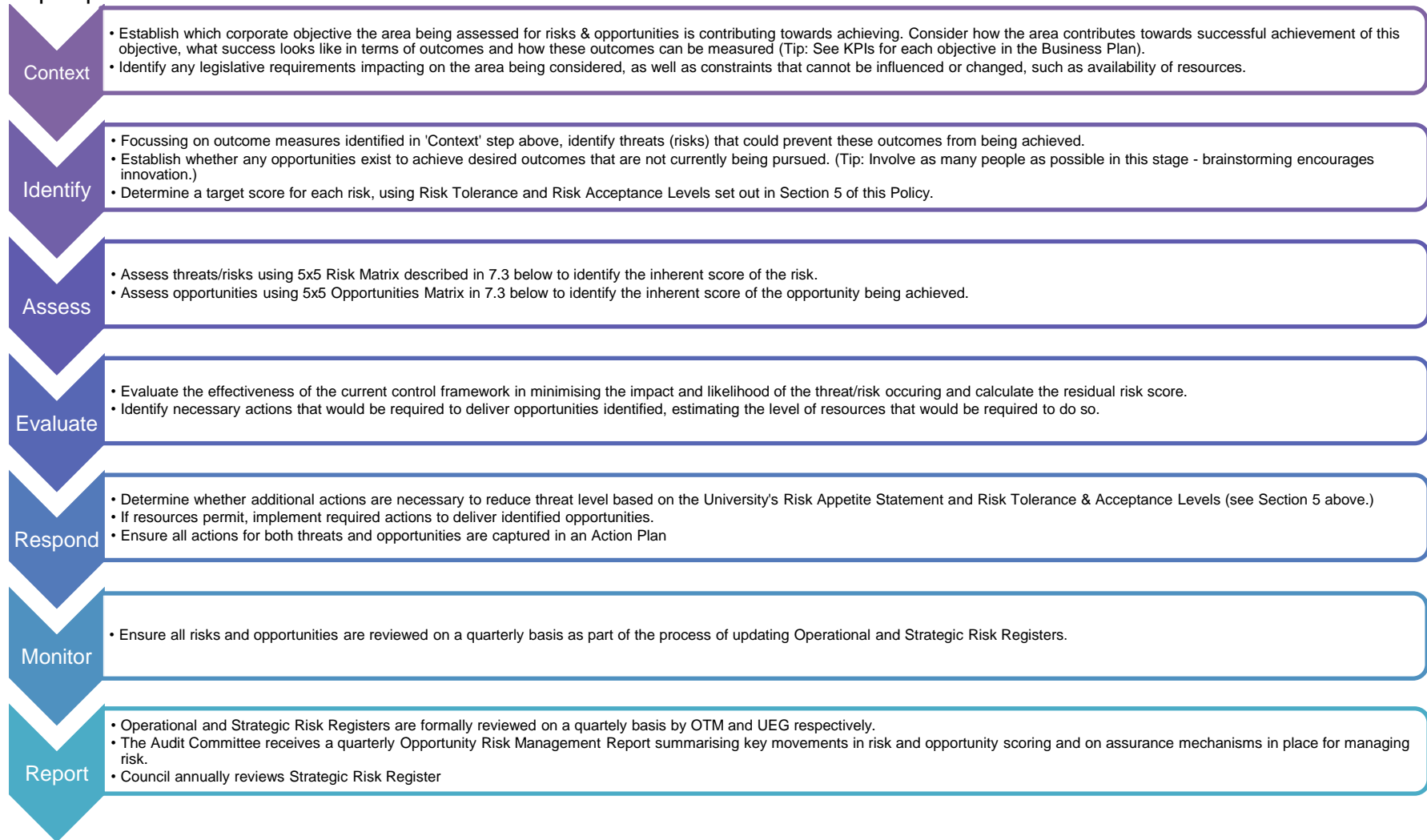
The Risk Acceptance Level has been set at a risk score of 3 or below. Where the control framework in place has reduced the inherent risk to this level there is no obligation to identify additional actions to further reduce the risk. Staff may nevertheless wish to introduce more measures in managing such risks, but it is not expected that this would involve the application of significant additional resources.

- 5.2 Risk Tolerance and Acceptance Levels have been agreed by the UEG as follows:



## 6.0 Opportunity Risk Management Process Map

The graphic below provides a summary of the tasks involved in the Opportunity Risk Management process. Further detail on each step is provided in Section 7 below.





## 7.0 The Opportunity Risk Management Process

### 7.1 Establishing the Context of Opportunities and Risks

The first stage in the Opportunity Risk Management Process is to establish the context within the function being assessed for risks and opportunities. All processes operating in the University are contributing towards the delivery of one of the three Corporate Objectives and it is important to understand how the area being reviewed is doing this. Identify outcome measures that demonstrate achievement of the objective relative to the area being assessed (NB KPIs detailed within the revised Business Plan may help). Consider any constraints that prevent the application of desired controls, such as limited availability of resources, as well as who the stakeholders in the process are and what concerns/issues they may have.

### 7.2 Identifying & Documenting Opportunities & Risks

The second stage of the Opportunity Risk Management process is to identify opportunities to deliver objectives and threats/risks which may prevent their delivery. This is best undertaken through a 'brainstorming' session involving as many staff working in the area as possible to encourage innovation when identifying opportunities and ensure that all potential risks are captured for assessment.

All risks need to be recorded in the University's Strategic & Operational<sup>1</sup> Risk Registers (see Appendix A.1 & A.2 for examples and guidance on completion of these Registers). A Strategic Risk Register is maintained for strategic risks and opportunities and subject to review by the University Executive Group (UEG). Each Service within the University also maintains its own Operational Risk Register, which is subject to review by both OTM and UEG respectively.

Any opportunities identified during this process are recorded in the Opportunities Register (see Appendix A.3).

Responsibility for managing risks and delivering opportunities are allocated to specific risk managers to provide accountability.

### 7.3 Assessing Opportunities & Risks

The University utilises a 5x5 risk matrix to assess the impact and likelihood of both opportunities and risks in accordance with internationally recognised methods of risk assessment. Appendix B provides further detail on how impact and likelihood scores are defined and scored for both opportunities and risks.

All opportunities and risks are assessed twice. The first assessment involves a calculation of an overall inherent score, essentially evaluating the risk or opportunity before controls in place to either minimise the threat or maximise the opportunity are applied. The second assessment

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<sup>1</sup> Strategic Risks are defined as those threats and issues that could have a direct impact on the delivery of the University's Strategic Objectives. They are identified & monitored by the UEG. Operational risks are the threats that arise from day-to-day delivery of the University's primary business functions.

takes place after the control environment has been evaluated and is referred to in 7.4 below.

## **7.4 Evaluating the Control Environment**

After the inherent risk or opportunity score has been calculated the control environment in place in the area being assessed is evaluated to determine the extent to which risk scores are reduced and opportunity scores increased by controls in place. In the case of risks, the calculated residual score is then compared to the Risk Tolerance level to determine whether any further action is required to reduce the score (see 7.5 below). For opportunities, the current control environment is evaluated to determine what additional actions may be necessary to increase the likelihood of realising the opportunity and whether it would be cost effective to do so.

## **7.5 Responding to Opportunities & Risks**

In preparing its Risk Appetite statement the University has established Risk Tolerance and Risk Acceptance Levels to assist management in making decisions about actions necessary to minimise risk. Where the residual score of risks is above the Risk Tolerance Level, further action will need to be identified and detailed within an Action Plan for subsequent implementation and monitoring. Once the residual risk score is reduced to a level that is below the Tolerance Level no further additional actions are necessary. Where residual risk scores are determined to be below the Risk Acceptance level, those responsible for assessing the risk, may, with the approval of the OTM, remove it from their Operational Risk Register.

Where it is established that implementation of actions to realise opportunities would be cost effective, an Opportunities Action Plan is prepared and monitored in the same way as for Action Plans that have been prepared for minimising risk.

## **7.6 Monitoring Management of Opportunities & Risks**

All Opportunity and Risk Registers are reviewed by responsible officers on a quarterly basis to determine whether any amendments are required in opportunity and risk scores as a result of changes in circumstances and/or implementation of actions.

## **7.7 Reporting Arrangements**

Operational Opportunity and Risk Registers are reviewed on a quarterly basis by the Operational Team Meetings – consisting of the Operations Team, Academic Team and Registry Team (OTM). All risks with a residual score of 10 or above will be escalated to the University Executive Group (UEG) for review and consideration in respect of whether they should be added to the Strategic Risk Register.

The Strategic Risk Register is reviewed on a quarterly basis by the University Executive Group (UEG), along with all operational risks scoring 10 or above. Following this review, an Opportunity Risk Management Quarterly Report is prepared and submitted to the Audit Committee. The Audit Committee will escalate any risks it considers appropriate to the full University Council.

## 8.0 Roles & Responsibilities

	Role/ Responsibility
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>• Receives and reviews the Strategic Risk Register on a quarterly basis;</li> <li>• Seeks assurance that the University is managing its risks in line with this Policy; and</li> <li>• Reviews the Annual Report to ensure it properly reflects the risks faced by the University.</li> </ul>
<b>University Executive Group (UEG)</b>	<ul style="list-style-type: none"> <li>• Has overall responsibility for maintaining &amp; reviewing the Strategic Risk Register;</li> <li>• Challenges (and holds accountable) specific officers responsible for taking action to manage risks;</li> <li>• Ensures Project and Programme Boards make appropriate provision for risk management in their respective areas of control; and</li> <li>• Makes sure reports to Council and Committee seeking approval for decisions include appropriate reference to relevant risk management arrangements.</li> </ul>
<b>Operational Team Meetings (OTM)</b>	<ul style="list-style-type: none"> <li>• Has overall responsibility for maintaining &amp; reviewing the Operational Risk Register.</li> </ul>
<b>Council Members</b>	<ul style="list-style-type: none"> <li>• Understand the strategic risks faced by the University.</li> <li>• Oversee the effective management of these risks by staff.</li> <li>• Ensure that risks have been considered in decision-making.</li> <li>• Agree the Risk Management Policy and review its effectiveness.</li> </ul>
<b>Project, and partnership boards</b>	<ul style="list-style-type: none"> <li>• Identify and manage key risks to programme/project or shared partnership objectives; &amp;</li> <li>• Obtain assurances that these risks are being effectively managed.</li> </ul>
<b>Risk Management Lead Role</b>	<ul style="list-style-type: none"> <li>• Co-ordinates updates to the Operational and Strategic Risk Registers;</li> <li>• Reports on risk management arrangements to the University Executive Group; and</li> <li>• Provides training on risk management.</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>• Provides independent assurance on the adequacy and effectiveness of arrangements for managing risk.</li> </ul>
<b>Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>• Ensures the University has appropriate arrangements in place to manage health and safety risk.</li> </ul>
<b>Data Protection Officer</b>	<ul style="list-style-type: none"> <li>• Assists in the identification of areas of information risk; and</li> <li>• Co-ordinates all information on risk management activity</li> </ul>
<b>All Employees</b>	<ul style="list-style-type: none"> <li>• Identify and manage risks in their role and report risks to their manager.</li> </ul>

## 9.0 Risk Management Training

- 9.1 For the benefits of Opportunity Risk Management to be realised, it is necessary for the process to be embedded in the culture and operations of the University. To facilitate this, a training programme has been developed to ensure staff have the necessary knowledge and skills to effectively manage risk. Initial emphasis will be placed on the provision of training to the Senior Executive and Operational Team Meeting Groups, with further training to be rolled out where this is considered necessary.

## 10.0 Validity of this Policy

- 10.1 This Policy will be reviewed on an annual basis by the University Executive Group.

Strategic Risk Register				Inherent Risk (Before Mitigating action)							After Mitigating Risk		
Risk No.	Risk	Brief Description - what could go wrong?	University Objective/Priority	Likelihood	Impact	Score	Mitigating Action/Existing Controls	Quarterly Review Commentary	SEG Owner	Completion by	Likelihood	Impact	Score
	Identify risk/issue with a few key words or sentence, such as "Transformational Change" or "Achievement of student numbers not line with business plan projections"	Include detail on the factors and circumstances that would cause the risk to become an issue that requires management. Then identify the impact upon desired outcomes if risk is not effectively managed.	Specify which element or elements of the University Strategy that would be adversely impacted if the risk was not managed appropriately.	Scoring 1-5 using the risk matrix	Scoring 1-5 using the risk matrix		Summarise the controls that are currently in place which are managing the risk.	Reviews are undertaken each quarter. Summarise the outcome of the review , highlighting any changes to the risk scores. If the risk has increased, identify additional actions that will be implemented to further reduce the residual risk and identify a target date for implementation	Member of SEG who owns the risk	Member of staff who completed the risk review	Scoring 1-5 using the risk matrix	Scoring 1-5 using the risk matrix	Score calculated by multiplying Likelihood x Impact

# Operational Risk Register

			Inherent Risk (Before Mitigating action)							After Mitigating Risk		
Risk No.	Risk	Brief Description - what could go wrong?	Likelihood	Impact	Score	Mitigating Action/Existing Controls	Quarterly Review Commentary	SEG Owner	Completion by	Likelihood	Impact	Score
	Identify risk/issue with a few key words or sentence.	Include detail on the factors and circumstances that would cause the risk to become an issue that requires management. Then identify the impact upon desired outcomes if risk is not effectively managed.	Scoring 1-5 using the risk matrix	Scoring 1-5 using the risk matrix		Summarise the controls that are currently in place which are managing the risk.	Reviews are undertaken each quarter. Summarise the outcome of the review , highlighting any changes to the risk scores. If the risk has increased, identify additional actions that will be implemented to further reduce the residual risk and identify a target date for implementation	Member of VCEG who owns the risk	Member of staff who completed the risk review	Scoring 1-5 using the risk matrix	Scoring 1-5 using the risk matrix	Score calculated by multiplying Likelihood x Impact

Opportunity Register

				Inherent Risk (Before Mitigating action)							After Mitigating Risk			Date Updated (dd/mm/yy)
Ref..	University Function	2019-2024 University Strategy	Brief details of potential opportunity	Likelihood	Impact	Score	Actions required to deliver opportunity	Quarterly Review Commentary	SEG Owner	Completion by	Likelihood	Impact	Score	
	Detail the area in which the opportunity was identified	Identify which priority/aim of the University would be more effectively delivered if an opportunity is realised	Provide a brief summary of the potential opportunity that has been identified	Scoring 1-5 using the risk matrix	Scoring 1-5 using the risk matrix		Summarise the actions and resources that are required to ensure that the opportunity is delivered	Reviews are undertaken each quarter (often aligned to the project management of the opportunity) to ensure that the opportunity is delivered	Member of SEG who owns the risk	Member of staff who completed the risk review	Scoring 1-5 using the opportunity scoring matrix	Scoring 1-5 using the opportunity scoring matrix	Score calculated by multiplying Likelihood x Impact	

## APPENDIX B.1: OPPORTUNITY IMPACT & LIKELIHOOD DEFINITIONS

Likelihood	Score	Opportunity Likelihood Definitions
Certain	5	Opportunity has been realised and will continue to be exploited.
Almost Certain	4	Opportunity is likely to be realised within this financial year.
Likely	3	Opportunity may be realised within the next 3 financial years.
Possible	2	Opportunity may be realised within the next 3 to 5 financial years.
Rare	1	Opportunity may be realised in exceptional circumstances.

Impact	Score	Opportunity Impact Definitions
Exceptional	5	<ul style="list-style-type: none"> <li>• Exceptional improvement to service (s) (e.g. quality, level, speed, cost, etc).</li> <li>• Exceptional delivery of strategic objectives or priorities.</li> <li>• National or international partnership initiative or arrangement.</li> <li>• Extensive positive coverage in national press.</li> <li>• Major improvement to local, national or international environment.</li> <li>• Income and, or savings of &gt;£250K.</li> <li>• Exceptional savings of resource (e.g. time, labour).</li> </ul>
Major	4	<ul style="list-style-type: none"> <li>• Major improvement to service (s) (e.g. quality, level, speed, cost, etc).</li> <li>• Major delivery of strategic objectives or priorities.</li> <li>• National or regional partnership initiative or arrangement.</li> <li>• Positive coverage in national press.</li> <li>• Major improvement to local environment.</li> <li>• Income and, or savings of &gt;£100K &gt;£250K.</li> <li>• Major savings of resource (e.g. time, labour).</li> </ul>
Significant	3	<ul style="list-style-type: none"> <li>• Significant improvement to service(s)</li> <li>• Significant delivery of strategic objectives or priorities.</li> <li>• Regional partnership initiative or arrangement.</li> <li>• Significant positive coverage in local press.</li> <li>• Significant improvement to local environment.</li> <li>• Income and, or savings of &gt;£50K &gt;£100K.</li> <li>• Significant savings of resource (e.g. time, labour).</li> </ul>
Moderate	2	<ul style="list-style-type: none"> <li>• Moderate improvement to service(s) (e.g. quality, level, speed, cost, etc).</li> <li>• Moderate delivery of strategic objectives or priorities.</li> <li>• County wide level partnership initiative or arrangement.</li> <li>• Positive coverage in local press.</li> <li>• Moderate improvement to local environment.</li> <li>• Income and, or savings of &gt;£10K &gt;£50K.</li> <li>• Moderate savings of resource (e.g. time, labour).</li> </ul>
Minor	1	<ul style="list-style-type: none"> <li>• Minor improvement to service.</li> <li>• Minor delivery of strategic objectives or priorities.</li> <li>• Local level partnership initiative or arrangement.</li> <li>• Minimal positive coverage in local press.</li> <li>• Minor improvement to local environment.</li> <li>• Income and, or savings of &lt;£10K.</li> <li>• Minor savings of resource (e.g. time, labour).</li> </ul>



## APPENDIX B.2: RISK IMPACT & LIKELIHOOD DEFINITIONS

Likelihood	Score	Risk Likelihood Definition
Rare	1	Risk may occur in exceptional circumstances.
Possible	2	Risk may occur within the next three financial years.
Likely	3	Risk is likely to occur within this financial year.
Almost Certain	4	Indication of imminent occurrence.
Certain	5	Risk has occurred and will continue to do so without immediate action being taken.

Impact	Score	Risk Impact Definition
Negligible	1	<ul style="list-style-type: none"> <li>• Negligible loss, delay or interruption to services.</li> <li>• Can be easily and quickly remedied.</li> <li>• No financial loss.</li> </ul>
Minor	2	<ul style="list-style-type: none"> <li>• Minor loss, delay or interruption to services.</li> <li>• Short term impact on operational efficiency and performance.</li> <li>• Low level financial loss.</li> <li>• Failure to meet internal standards.</li> <li>• Affects only one group of stakeholders.</li> <li>• No external interest.</li> <li>• Isolated complaints.</li> </ul>
Significant	3	<ul style="list-style-type: none"> <li>• Significant loss, delay or interruption to services.</li> <li>• Medium term impact on operational efficiency and performance.</li> <li>• Significant financial loss.</li> <li>• Failure to meet recommended best practice.</li> <li>• Affects more than one group of stakeholders.</li> <li>• May attract short-term attention of legislative or regulatory bodies.</li> <li>• Significant complaints</li> </ul>
Major	4	<ul style="list-style-type: none"> <li>• Major loss, delay or interruption to services.</li> <li>• One off events which could de-stabilise the University.</li> <li>• Widespread medium to long term impact on operational efficiency, performance and reputation.</li> <li>• Major financial loss.</li> <li>• Breach of legal or contractual obligation.</li> <li>• Affects more than one group of stakeholders.</li> </ul>
Catastrophic	5	<ul style="list-style-type: none"> <li>• Total sustained loss or disruption to critical services.</li> <li>• Long term impact on operational efficiency, performance and reputation.</li> <li>• Critical financial loss.</li> <li>• Serious breach of legal or contractual obligation.</li> <li>• Affects all groups of stakeholders</li> <li>• National impact with rapid intervention of legislative or regulatory bodies.</li> <li>• Extensive adverse media interest.</li> <li>• Loss of credibility</li> </ul>